

Ref: RAKP-LD-E-0031-040519-03
Date: 4th May 2019

المرجع: RAKP-LD-E-0031-040519-03
التاريخ: 4 مايو 2019

Mr. Saif Sayah Al-Mansuori
Head of Listing Companies Dept
Abu Dhabi Securities Exchange Market
Dear Sir:

السيد/ سيف صياح المنصوري المحترم
رئيس إدارة إدراج الشركات
سوق أبو ظبي للأوراق المالية
تحية طيبة وبعد،،،

Subject: Results of RAK Properties BOD Meeting
held on 4th May 2019

الموضوع: نتائج إجتماع مجلس ادارة شركة رأس الخيمة العقارية
المنعقد بتاريخ 4 مايو 2019

We would like to inform you that the company's BOD held its meeting on Saturday, 4th May 2019 at 2:00 pm, in the company's premises in Ras Al Khaimah, and discussed the items set out on the agenda, and approved the audited financial statements of the first quarter of 2019.

نرجوا التكرم بالعلم بأن مجلس الادارة قد إجتمع يوم السبت الموافق 4 مايو 2019 في تمام الساعة 2:00 ظهراً وذلك بمقر الشركة برأس الخيمة ، حيث تم مناقشة البنود المدرجة على جدول الأعمال، وتمت الموافقة على البيانات المالية المدققة للربع الأول من عام 2019.

The BOD has taken some administrative decisions that have no effect on the price of the shares.

وتم اتخاذ بعض القرارات الادارية الاعتيادية التي لا تأثير لها على سعر السهم وحركته في السوق.

Best Regards,

و تفضلوا بقبول فائق التقدير و الإحترام

Dr. Ahmed Hossam El Saghir
Legal Advisor and Board Secretary



د. أحمد حسام الدين الصغير
المستشار القانوني و أمين سر مجلس الإدارة

Directors Report for the three month ended 31st March 2019

On behalf of the board of Directors of RAK Properties PJSC, I am pleased to present the Financials results of the Company for the 1st quarter ended on March 31, 2019.

During the first quarter, RAK Properties achieved a revenue of AED 45.8 M. (Q1-2018 AED 58.6 M) and net profit of AED 4.0 M (Q1-2018 AED 24.6 M). Total asset of the group is AED 5.4 Billion

Brief summary of the financial as follows:

AED '000

Income Statement	31st March. 2019	31st March. 2018
Revenue	45,793	58,642
Cost of Revenue	(29,452)	(27,911)
Gross Profit	16,341	30,731
Profit for the period	4,016	24,622
Balance Sheet	31st March. 2019	31st Dec. 2018
Non current Assets	4,516,324	4,494,704
Current Assets	882,622	846,372
Total Assets	5,398,946	5,341,076
Non current Liabilities	798,935	722,981
Current Liabilities	782,917	804,638
Total Equity	3,817,094	3,813,457
Total Equity & Liabilities	5,398,946	5,341,076

Major Projects Update

Gateway Residence, a residential building with 144 apartments in Al Raha Island, at Mina Al Arab Ras Al Khaimah., **Julphar Residence** Al Reem Island Abu Dhabi, a residential tower with 266 apartments are under construction and expected to be handed over this year.



Marbella Villas, Hayat Island, Mina Al Arab, Ras Al Khaimah, comprises of 205 luxury villas and townhouses., the construction of this project is in progress.

Bay Residences, Hayat Island Mina Al Arab, Ras Al Khaimah-mixed use development; The construction of this project is expected to begin during the year.

Anantara Hotel & Resort, luxury resort and **Intercontinental Hotel & Resort**, 5-star luxury hotel & resort, Mina Al Arab, Ras Al Khaimah are under construction

Mohammad Sultan Al Qadi
Managing Director

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RAK Properties P.J.S.C.
and its subsidiaries

Condensed consolidated
interim financial information
31 March 2019

RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated interim financial information

31 March 2019

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1 - 2
Condensed consolidated statement of profit or loss	3
Condensed consolidated statement of profit or loss and other comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7
Notes to the condensed consolidated interim financial information	8 - 22



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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of RAK Properties P.J.S.C.

Introduction

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial information of RAK Properties P.J.S.C. ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2019;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2019;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2019;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2019;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2019; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial information for the three month period ended 31 March 2018 and the consolidated financial statements for the year ended 31 December 2018 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the three month period ended 31 March 2018 on 10 May 2018 and an unmodified opinion on the consolidated financial statements for the year ended 31 December 2018 on 14 February 2019.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Ras Al Khaimah, United Arab Emirates

Date: **04 MAY 2019**

RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss
for the three month period ended 31 March 2019

	Note	Three month period ended 31 March (Unaudited)	
		2019 AED'000	2018 AED'000
Revenue	20	45,793	58,642
Cost of revenue		(29,452)	(27,911)
Gross profit		<u>16,341</u>	<u>30,731</u>
Administrative and general expenses	21	(12,042)	(10,657)
Other income		948	738
Operating profit		<u>5,247</u>	<u>20,812</u>
Net change in fair value of investments at fair value through profit and loss		(1,266)	(482)
Dividend income		1,009	3,519
Finance income		2,523	2,120
Finance costs		(3,497)	(1,347)
Profit for the period		<u>4,016</u>	<u>24,622</u>
Earnings per share for the period (AED)	22	<u>0.002</u>	<u>0.012</u>

The notes on pages 8 to 22 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
for the three month period ended 31 March 2019

	Three month period ended 31 March (Unaudited)	
	2019 AED'000	2018 AED'000
Profit for the period	4,016	24,622
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net change in fair value of investments at fair value through other comprehensive income	3,621	(6,380)
Total comprehensive income for the period	<u>7,637</u>	<u>18,242</u>

The notes on pages 8 to 22 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.


RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated statement of financial position as at 31 March 2019

	Note	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Assets			
Non-current assets			
Property and equipment	6	727,191	699,714
Investment properties	7	2,581,902	2,581,902
Investment properties under development	8	292,889	290,096
Trading properties under development	9	544,884	543,435
Investments	10	118,850	125,984
Advances to suppliers and contractors		87,890	91,537
Trade and other receivables	12	162,718	162,036
		<u>4,516,324</u>	<u>4,494,704</u>
Current assets			
Trading properties under development	9	184,043	153,397
Inventories		573	609
Investments	10	13,955	15,221
Advances to suppliers and contractors		42,847	47,119
Trading properties	11	87,631	100,565
Trade and other receivables	12	152,537	128,687
Cash in hand and at bank	13	401,036	400,774
		<u>882,622</u>	<u>846,372</u>
Total assets		<u>5,398,946</u>	<u>5,341,076</u>
Equity and liabilities			
Capital and reserves			
Share capital	14	2,000,000	2,000,000
Statutory reserve	15	1,000,000	1,000,000
General reserve	16	591,878	591,878
Fair value reserve		(438,222)	(448,441)
Retained earnings		663,438	670,020
Total equity		<u>3,817,094</u>	<u>3,813,457</u>
Current liabilities			
Borrowings	18	522,623	553,169
Advances from customers		3,222	4,168
Trade and other payables	19	257,072	247,301
		<u>782,917</u>	<u>804,638</u>
Non-current liabilities			
Provision for employees' end of service benefits		3,354	3,172
Borrowings	18	166,436	91,859
Deferred government grants	7	604,993	604,993
Advances from customers		24,152	22,957
		<u>798,935</u>	<u>722,981</u>
Total liabilities		<u>1,581,852</u>	<u>1,527,619</u>
Total equity and liabilities		<u>5,398,946</u>	<u>5,341,076</u>

The notes on pages 8 to 22 are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was approved by the Board of Directors, and authorised for issue on 4 May 2019 and signed on their behalf by:



Managing Director

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated statement of cash flows for the three month period ended 31 March 2019

	Three month period ended 31 March	
	2019	2018
	AED'000	AED'000
	(Unaudited)	
Operating activities		
Profit for the period	4,016	24,622
<i>Adjustments for:</i>		
Depreciation of property and equipment	3,856	3,453
Finance income	(2,523)	(2,120)
Finance cost	3,497	1,347
Dividend income	(1,009)	(3,519)
Net change in fair value of investments at fair value through profit or loss	1,266	482
Provision for employees' end of service benefits	182	198
	<u>9,285</u>	<u>24,463</u>
Change in:		
-Trading properties	12,934	18,163
-Trading properties under development	(31,374)	(10,180)
-Trade and other receivables	(23,157)	4,379
-Advances to suppliers and contractors	7,919	(63,179)
-Trade and other payables	9,999	27,948
-Inventories	36	146
-Advances from customers	249	(3,898)
Employees' end of service benefits paid	-	(18)
	<u>(14,109)</u>	<u>(2,176)</u>
Net cash used in operating activities		
Investing activities		
Additions to property and equipment	(31,333)	(29,235)
Interest received	1,148	129
Dividend received	1,009	267
Proceed from disposal of investments	10,755	-
Additions to investment properties under development	(2,793)	(4,536)
Increase in term deposits	-	(50,000)
	<u>(21,214)</u>	<u>(83,375)</u>
Net cash used in investing activities		
Financing activities		
Dividend paid	(114)	(120,202)
Borrowings availed	81,035	160,851
Borrowings repaid	(1,662)	-
Change in bank overdraft	(35,342)	52,375
Interest paid	(4,218)	(2,329)
Board of directors' remuneration paid	(4,000)	(5,263)
	<u>35,699</u>	<u>85,432</u>
Net cash generated from financing activities		
Net increase / (decrease) in cash and cash equivalents	376	(119)
Cash and cash equivalents at the beginning of the period	3,466	2,249
Cash and cash equivalents at the end of the period	<u>3,842</u>	<u>2,130</u>

The notes on pages 8 to 22 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

RAK Properties P.J.S.C. and its subsidiaries

Condensed consolidated statement of changes in equity for the three month period ended 31 March 2019

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Total AED '000
Balance at 31 December 2017 (Audited)	2,000,000	1,000,000	576,826	(589)	347,130	3,923,367
<i>Adjustment on adoption of IFRS 9 (refer note 3.1(ii))</i>	-	-	-	(330,332)	312,681	(17,651)
Restated balance at 1 January 2018 (Audited)	2,000,000	1,000,000	576,826	(330,921)	659,811	3,905,716
Total comprehensive income for the period (Unaudited)						
Profit for the period	-	-	-	-	24,622	24,622
Other comprehensive loss for the period	-	-	-	(6,380)	-	(6,380)
Total comprehensive income for the period (Unaudited)	-	-	-	(6,380)	24,622	18,242
Board of Directors' remuneration (refer note 17)	-	-	-	-	(5,263)	(5,263)
Dividend declared and paid (refer note 17)	-	-	-	-	(120,000)	(120,000)
Balance at 31 March 2018 (Unaudited)	2,000,000	1,000,000	576,826	(337,301)	559,170	3,798,695
Balance at 1 January 2019 (Audited)	2,000,000	1,000,000	591,878	(448,441)	670,020	3,813,457
Total comprehensive income for the period (Unaudited)						
Profit for the period	-	-	-	-	4,016	4,016
Other comprehensive income for the period	-	-	-	10,219	(6,598)	3,621
Total comprehensive income for the period (Unaudited)	-	-	-	10,219	(2,582)	7,637
Board of Directors' remuneration (refer note 17)	-	-	-	-	(4,000)	(4,000)
Balance at 31 March 2019 (Unaudited)	2,000,000	1,000,000	591,878	(438,222)	663,438	3,817,094

The notes on pages 8 to 22 are an integral part of this condensed consolidated interim financial information.

RAK Properties P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2019 (unaudited)

1 Reporting entity

RAK Properties P.J.S.C. ("the Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, UAE. The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2019 ("the current period") comprises the Company and its subsidiaries (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management and related services.

2 Basis of preparation

The condensed consolidated interim financial information for the three month period ended 31 March 2019 have been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of UAE Federal Law No. (2) of 2015.

This is the first set of Group's financial statements where IFRS 16 – *Leases* is applied. Changes to significant accounting policies are described in note 3.1.

3 Significant accounting policies

Except for the changes in accounting for leases resulting from adoption of IFRS 16, the accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018. The Group had adopted IFRS 16 from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

3.1 Change in significant accounting policies

(i) IFRS 16 Leases

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

3 Significant accounting policies *(continued)*

3.1 Change in significant accounting policies *(continued)*

(i) IFRS 16 Leases (continued)

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 (unaudited)

3 Significant accounting policies (continued)

3.1 Change in significant accounting policies (continued)

(i) IFRS 16 Leases (continued)

a) As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Based on management's assessment, the application of IFRS 16 – *Leases* does not have a material impact on the condensed consolidated interim financial information as a lessor or as a lessee and hence, the Group did not make any adjustments in this regard.

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

3 Significant accounting policies (continued)

3.1 Change in significant accounting policies (continued)

(ii) IFRS 9 Financial Instruments

During the previous year, the Group had adopted IFRS 9 which was applicable from 1 January 2018. The following table summarises the impact of transition to IFRS 9 on impairment loss on opening balances as of 1 January 2018:

	31 December 2017 AED'000 <i>(As previously reported)</i>	Impact of re-measurement under IFRS 9 AED'000	1 January 2018 AED'000 <i>(Restated)</i>
Impairment loss on:			
Trade and other receivables	(3,970)	(17,651)	(21,621)

Further, the equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group designated these investments at the date of initial application as measured at FVOCI. On transition to IFRS 9, an allowance for impairment recorded on available for sale assets of AED 330.33 million was recognized as an increase in opening retained earnings and a decrease in cumulative changes in fair value reserve as at 1 January 2018.

4 Use of estimates and judgments

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018 except for new significant judgement and key source of estimation uncertainty related to application of IFRS 16 which are described in note 3.1.

The Group has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 (unaudited)

4 Use of estimates and judgments (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

5 Financial risk management

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial information, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

6 Property and equipment

Additions, disposal and depreciation

During the three month period ended 31 March 2019, the Group has acquired property and equipment and made additions amounting to AED 31.3 million *(three month period ended 31 March 2018: AED 29.2 million)*.

There was no disposal of property and equipment during the current period *(three month period ended 31 March 2018: Nil)*.

Depreciation of property and equipment for the current period amounted to AED 3.8 million *(three month period ended 31 March 2018: AED 3.4 million)*.

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

7 Investment properties

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
In UAE	2,581,902	2,581,902

The Government of Ras Al Khaimah has granted certain plots of land with an aggregate area of 67 million square feet on the condition that these lands undergo development.

The Group has accounted for the portion of land granted as deferred Government grant at an aggregate value of AED 571 million in 2011 with a corresponding increase to investment properties and trading properties under development. Furthermore, during 2016, an amount of AED 85.8 million was accounted as fair value increase (non cash transaction) pertaining to the above land granted by Government and deferred Government grant increased to AED 657 million. This deferred Government Grant will be released on the fulfilment of the conditions stipulated by the Government, since then management has released AED 42.6 million to the consolidated statement of profit or loss.

During the previous year, the Group reversed the Government Grant to the extent of AED 9.1 million on account of decrease in fair valuation of the land.

The management does not consider the fair value of investment properties for the period ended 31 March 2019 to be significantly different from the fair value as at 31 December 2018. Fair valuation of investment properties was conducted by an independent external valuer as at 31 December 2018.

8 Investment properties under development

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at beginning of the period / year	290,096	279,720
Cost incurred during the period / year	2,793	17,115
Transferred to property and equipment	-	(6,739)
Balance at the end of the period / year	292,889	290,096

Investment properties under development are located in United Arab Emirates. Refer note 7 on fair valuation of investment properties under development.

9 Trading properties under development

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Inside UAE	712,401	680,306
Outside UAE	16,526	16,526
	728,927	696,832
Less: classified as current assets	(184,043)	(153,397)
	544,884	543,435

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

10 Investments

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
<i>Non-current investments</i>		
<i>Fair value through other comprehensive income</i>		
Private equity investments	63,510	70,644
Real estate fund	55,340	55,340
	<u>118,850</u>	<u>125,984</u>
<i>Current investments</i>		
Fair value through profit or loss	<u>13,955</u>	<u>15,221</u>
The details of the Group's investments are as follows:		
<i>Non-current investments at fair value through other comprehensive income</i>		
<i>Investments within UAE</i>		
Unquoted private equity investments	<u>8,426</u>	<u>15,560</u>
<i>Investments outside UAE</i>		
Unquoted private equity investments	26,082	26,082
Unquoted funds	55,340	55,340
Quoted securities	29,002	29,002
	<u>110,424</u>	<u>110,424</u>
Total non-current investments	<u>118,850</u>	<u>125,984</u>
<i>Current investments at fair value through profit or loss</i>		
Quoted equity securities inside UAE	2,984	4,250
Unquoted investments outside UAE	10,971	10,971
	<u>13,955</u>	<u>15,221</u>

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

11 Trading properties

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at the beginning of the period / year	100,565	499,969
Transferred to investment properties	-	(393,199)
Cost of properties sold	(12,934)	(6,205)
	<u>87,631</u>	<u>100,565</u>

12 Trade and other receivables

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Trade receivables	254,662	249,990
Due from customers on contracts for sale of properties	20,573	9,605
Other receivables	92,107	83,215
	<u>367,342</u>	<u>342,810</u>
Less: Allowance for doubtful receivables	(52,087)	(52,087)
	<u>315,255</u>	<u>290,723</u>
Less: non-current portion	(162,718)	(162,036)
	<u>152,537</u>	<u>128,687</u>

Trade receivables include post-dated cheques amounting to AED 236 million (2018: AED 236 million).

Movements in allowance for doubtful debts:

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Balance at beginning of the period / year	52,087	3,970
Initial application of IFRS 9 (refer note 3.1)	-	17,651
	<u>52,087</u>	<u>21,621</u>
Restated balance at beginning of the period / year	52,087	21,621
Provision for impairment allowance for the period / year	-	30,466
	<u>52,087</u>	<u>52,087</u>

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

13 Cash in hand and at bank

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Cash in hand	11	7
Bank balances:		
-Current accounts	2,173	2,040
-Current accounts – unclaimed dividends	47,194	47,308
-Call accounts	1,658	1,419
-Term deposits	350,000	350,000
	-----	-----
Balance at the end of the period / year	<u><u>401,036</u></u>	<u><u>400,774</u></u>

Current accounts - unclaimed dividends should be utilised only for the payment of dividend and should not be used for any other purposes.

Bank balances include term deposits amounting to AED 350 million (2018: AED 350 million) with a maturity period of more than three months, which are not included in cash and cash equivalents. The effective average interest rate on deposits is 2.25% to 3% per annum (2018: 2.1% to 3% per annum). Term deposits amounting to AED 350 million are under lien against bank borrowings (refer note 18).

Bank balances and cash are maintained in United Arab Emirates.

14 Share capital

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Authorised, issued and paid up 2,000,000,000 shares of AED 1 each	<u><u>2,000,000</u></u>	<u><u>2,000,000</u></u>

15 Statutory reserve

In accordance with UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of net profit for the year is required to be transferred to statutory reserve till the reserve reaches 50% of Company's paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. No transfer was made to statutory reserve for the year ended 31 December 2018 as the balance in the reserve has reached 50% of Company's paid up share capital.

16 General reserve

In accordance with the Company's Articles of Association, 10% of the net annual profit is transferred to the general reserve. The transfer to general reserve shall cease by decision of the ordinary general meeting as recommended by the Board of Directors or if general reserve reaches 50% of the Company's paid-up share capital. General reserve shall be used for the purposes decided by the ordinary general meeting upon the suggestion of the Board of Directors.

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

17 Dividends

- (i) At the Annual General Meeting (AGM) held on 17 March 2018, the shareholders approved a cash dividend of 6%, which was proposed by the Board of Directors.
- (ii) At the Annual General Meeting (AGM) held on 24 March 2019, the shareholders approved Directors' remuneration amounting to AED 4 million for the period ended 31 March 2019 *(31 December 2018: AED 5.2 million)*.

18 Borrowings

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Term loan	300,500	221,127
Bank overdraft	388,559	417,615
Bills discounting	-	6,286
	-----	-----
Balance at the end of the period / year	689,059	645,028
Less: current portion	(522,623)	(553,169)
	-----	-----
Non-current portion	166,436	91,859
	=====	=====

The Group has obtained overdraft facility of AED 450 million from commercial banks. Interest on overdraft is computed at 0.50% over the fixed rate up to the fixed deposit amount, and overdraft balance exceeding the deposit balance will be charged at 3 months EIBOR + 3.20% per annum.

The overdraft facility of the Group is secured by:

- Lien over fixed deposit for AED 350 million held with the bank in the name of the borrower (refer note 13);
- Undertaking to deposit all sale proceeds from the sale of properties in Mina Al Arab project in the overdraft account; and
- Undertaking to cover any excess over the sanctioned facilities from the Company's own sources.

The details of the long term bank loans, including terms of repayment, interest rate and securities provided are set out in the consolidated financial statements of the Group for the year ended 31 December 2018. The long term bank loans availed during the current period are on similar terms to those availed as of 31 December 2018.

The bank borrowing agreements ("Agreements") contain certain restrictive covenants including maintaining Debt to EBITDA ratio. During the previous year, the Group did not comply with certain covenants mentioned in those agreements and accordingly the non-current portion of the borrowings was classified as current liabilities as at 31 December 2018, although, subsequent to 31 December 2018 the Group obtained a waiver letter from these two lenders for non-compliance with these covenants. These borrowings continue to be classified as current liabilities as at 31 March 2019.

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

19	Trade and other payables	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
	Trade payables	32,049	22,025
	Project accruals	68,857	85,141
	Unclaimed dividends	47,194	47,308
	Other payables and accruals	108,972	92,827
		<u>257,072</u>	<u>247,301</u>
20	Revenue	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
	Sale of properties	32,227	38,302
	Rental income	7,774	7,897
	Facility management fee	5,464	6,227
	Forfeiture income	203	4,532
	Others	125	1,684
		<u>45,793</u>	<u>58,642</u>
21	General and administrative expenses	Three month period ended 31 March 2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
	Staff costs	4,596	4,717
	Advertisement and marketing expenses	3,050	1,340
	Depreciation	3,856	3,453
	Other expenses	540	1,147
		<u>12,042</u>	<u>10,657</u>

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

22 Earnings per share

	Three month period ended 31 March	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Profit for the period (in AED '000)	4,016	24,622
Number of shares (in '000)	2,000,000	2,000,000
Earnings per share (AED) – basic and diluted	0.002	0.012

There was no dilution effect on the basic earnings per share, as the Company does not have any such outstanding commitments as at the reporting dates.

23 Related party transactions

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24.

Balance due from/(due to) related parties are as follows:

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Term deposits	250,000	250,000
Bank overdraft	(292,237)	(311,392)
Term loan	(11,638)	(13,300)

The significant transactions entered into by the Group with related parties during the period, other than those disclosed elsewhere in these condensed consolidated interim financial information are as follows:

	31 March 2019 AED'000 (Unaudited)	31 March 2018 AED'000 (Unaudited)
<i>Key management remuneration:</i>		
Salaries and benefits	1,402	1,460
End of service benefits	67	100
Directors remuneration	4,000	5,263
	5,469	6,823
Interest income on term deposits	1,875	1,719
Interest expenses on term loan	239	272
Interest expenses on bank overdraft	2,912	2,149
Purchase of services	76,761	39,734

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

24 Contingent liabilities and capital commitments

Commitments relating to the property development are as follows:

	31 March 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Approved and contracted	999,087	804,800

25 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2018.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

25 Fair value measurements (continued)

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
31 March 2019 (Unaudited)				
Fair value through other comprehensive income				
Unquoted equities and funds	-	32,390	57,458	89,848
Quoted equity securities	29,002	-	-	29,002
Financial assets carried at FVTPL	2,984	-	10,971	13,955
Investment properties	-	-	2,581,902	2,581,902
Investment properties under development	-	-	292,889	292,889
	<u>31,986</u>	<u>32,390</u>	<u>2,943,220</u>	<u>3,007,596</u>
31 December 2018 (Audited)				
Fair value through other comprehensive income				
Unquoted equities and funds	-	32,390	64,592	96,982
Quoted equity securities	29,002	-	-	29,002
Financial assets carried at FVTPL	4,250	-	10,971	15,221
Investment properties	-	-	2,581,902	2,581,902
Investment properties under development	-	-	290,096	290,096
	<u>33,252</u>	<u>32,390</u>	<u>2,947,561</u>	<u>3,013,203</u>

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

26 Segment reporting

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into two major operating segments: property sales and property leasing. Information regarding the operations of each separate segment is included below.

	Property sales AED '000	Property leasing AED '000	Others AED '000	Total AED '000
<i>Three month period ended 31 March 2019 (unaudited)</i>				
Revenue	<u>32,430</u>	<u>7,774</u>	<u>5,589</u>	<u>45,793</u>
Gross profit	<u>7,673</u>	<u>7,353</u>	<u>1,315</u>	<u>16,341</u>

RAK Properties P.J.S.C. and subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2019 *(unaudited)*

26 Segment reporting (continued)

	Property sales AED '000	Property leasing AED '000	Others AED '000	Total AED '000
<i>As at 31 March 2019 (Unaudited)</i>				
Total assets	1,095,306	2,874,791	1,428,849	5,398,946
Total liabilities	340,600	338,960	902,292	1,581,852
<i>Three month period ended 31 March 2018 (unaudited)</i>				
Revenue	42,834	7,897	7,911	58,642
Gross profit / (gross loss)	23,424	7,382	(75)	30,731
<i>As at 31 December 2018 (Audited)</i>				
Total assets	1,060,044	2,871,998	1,409,034	5,341,076
Total liabilities	302,202	338,260	887,157	1,527,619

27 Approval of condensed consolidated interim financial information

These condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on 4 May 2019.